

## PROPOSED 2004 REVISIONS AND CHANGES FOR THE STATE AND LOCAL INCOME CONTINUATION INSURANCE (ICI) PLANS

Unless otherwise stated, the proposed 2004 plan changes apply to both the State and Local ICI plans.

Article/Section	Type of Change	Comments/Description
<b>TERMS OF PLAN</b>		
Article I § 1.12 – RETURN TO FULL TIME EMPLOYMENT	Revision	Revised definition to include an individual voluntarily choosing to return to work at any level or pay for the same number of hours which the individual worked prior to becoming disabled as a basis for the claim to be terminated.
Article I §1.14 – SUBSTANTIAL GAINFUL ACTIVITY	Clarification	Clarifies the inclusion of gross earnings or potential earnings in the definition.  Clarifies that earnings are taken into consideration based on the date of the check regardless of the period covered. This is consistent with the other WRS disability programs.
Article I §1.15 – UW FACULTY PLAN (Attachment A Only)	New	Added language to include the definition of the UW Faculty plan to differentiate from the State employee's plan.
Article II §2.01(2) - Coverage	Clarification	Remove the word "actual" earnings from the language in this section and throughout the Plans where applicable, as benefits for both the State and Local ICI Plans are not based on "actual" earnings. For the State Plan, the majority of the benefits are determined using the base pay just prior to the disability date. The Local Plan uses the previous calendar year salary, which may not include earnings that are not reportable to the Wisconsin Retirement System.

Article/Section	Type of Change	Comments/Description
Article II §2.02(2) – Initial Eligibility	Revision	Due to a recent appeal, included language that will require an employee who is employed in multiple positions to file a separate application for each position held.
Article II §2.08 – Lapse of Coverage	Clarification	Reworded the current language as it was confusing. No change in the meaning. If employee does not pay premiums when due, the coverage is lapsed.
Article II §2.11 – Employee Contributions – State Plan Only	Revision	<p>Revised this section to reference only premiums.</p> <p>Deleted all reference to benefit determination and created a separate section pertaining to benefit determinations.</p> <p>Deleted the reference that premiums are based on earnings as reported to the Wisconsin Retirement System. Earnings, for premium determination do not include overtime earnings, which are reportable to the Wisconsin Retirement System.</p>
Article II §2.11 – Employee Contributions – Local Plan Only	Revised	Revised this section to include only the reference to employee contributions. Created a separate section for the benefit determination.

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Article II §2.13 – Elimination Periods – State Plan Only	Clarification and Change	<p>Due to a recent appeal, revised language to provide separate qualifications for a State claimant and UW Faculty claimant.</p> <p>Added language to allow the contractor to adjust an elimination period if the employee returns to work during the elimination period to complete incidental work functions. This scenario would not require the individual to start the elimination period over.</p> <p>Reworded effective date of disability to first date of disability, as this is the current language used in the industry, in this section and through out the entire Plan language where applicable.</p>
Article II §2.13 – Elimination Period – Local Plan Only	Clarification and Change	<p>Added language to allow the contractor to adjust an elimination period if the employee returns to work during the elimination period to complete incidental work functions. This scenario would not require the individual to start the elimination period over.</p> <p>Reworded effective date of disability to first date of disability, as this is the current language used in the industry, in this section and throughout the entire Plan language where applicable.</p>
Article II §2.14 – Total Disability Defined	Renumbered	Rearranged this section to include the definition of “Totally disabled” as the first subsection and renumber other subsections in s. 2.14. Other sections referencing §2.14 have had corrections made to the numbering.

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Article II §2.15 Integrated Benefits	Revision	Added Offsets to the title of section to show the application of integrated benefits to offset for anyone referring to the Plan language.
Article II §2.15(1)	Clarification	<p>Clarifies requesting the claimant to apply and complete the application or claim process for which they may be eligible.</p> <p>Revised reference specifically to the Wisconsin Retirement System disability and retirement plans only when referring to State and Federal disability and retirement plans as the offset. This change is made throughout this section when referencing State and Federal plans. Military or other retirement system pensions have never been offset from the ICI benefit.</p>
Article II §2.15(1)(b)	Clarification	<p>Due to a recent appeal, the language has been revised to specify the requirement that a claimant apply, reapply or otherwise pursue all other benefits and if not done or incomplete, the ICI benefit will be reduced by those benefits.</p> <p>Included language to indicate that the offset will not be reduced, changed or stopped because of failure to provide the claimant with administrative review rights under the other programs.</p>
Article II §2.15(2)(d)	Clarification	Clarifies procedure of offsetting any social security benefits paid from the claimant's social security earnings record.
Article II §2.15(2)(f)	Revised	Added the word "sanctioned" to employer sponsored salary continuation plan.

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Article II §2.15(2)(g)	Clarification	Included the wording “exception to the earnings offset as referenced in 2.175”. This refers to how earnings are treated for return to work in prior employment.
Article II §2.15(3)	Clarification	Included clarification on the repayment of an ICI overpayment consistent with §40.08 (4), Wis. Stats. which requires the claimant, representative, beneficiary or estate as being responsible for repaying outstanding payment.
Article II §2.15(4)(a)	Deleted	Deleted the reference to treatment of Qualified Domestic Relation Order (QDRO) as the QDRO doesn’t affect how the ICI benefit is reduced. This was taking the entire account to offset rather than the account split due to the QDRO.  ICI offset is based on actual Wisconsin Retirement System funds payable to the claimant.
Article II §2.15(4)(b)	Renumbered	Renumbered to 2.14(5). Other subsections of 2.14 renumbered appropriately.
Article II §2.15(8)	Clarification	Clarified existing practice of offsetting a Wisconsin Retirement System retirement annuity if it would be payable as a full benefit without reduction due to age.
Article II §2.16(1) Benefit Payment	Revision	Revised language to specify 75% as the percentage paid for ICI benefits.
Article II §2.16(2)	Clarification	Clarifies that ICI benefits shall be denied, suspended or terminated if the administrator Department does not receive the required documentation to certify the claim.
Article II §2.16(3) and (6) Maximum Benefit – State Plan Only	Revised	Revised language to remove the reference to biweekly benefits for Short Term Disability benefits.

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Article II §2.16(8) – State Plan Only	Deleted	Deleted the reference that after 12 months the benefit will be paid monthly. No longer needed since both short and long term disability benefits will be paid monthly.
Article II §2.16(7) – State Plan Only	Renumbered and Revision	Renumbered from (9) and revised to include “mistake” when referencing ICI benefit paid when amounts not due.
Article II §2.16 – Local Plan Only	Revision and Renumbered	Revised all of the local plan language for Benefit Payments to be consistent with the State plan language. Since the State plan will no longer pay short term disability benefits on a biweekly basis, the language and numbering should be consistent.
Article II §2.165 Earnings Defined for Determination of Benefit Payments – State Plan Only	Revision	Revised entire section to reference benefit determinations only. Remove any reference to premium determinations from this section.
Article II §2.165(1) – State Plan Only	Clarification	<p>Clarifies determination of ICI benefits on the last complete payroll period prior to the first date of disability.</p> <p>Excluded the language “and reported to the Wisconsin Retirement System” . The information is reported by the employer to the plan administrator.</p>
Article II §2.165 (2) – State Plan Only	Revision	Revised the current language which references section 2.11(2), to include the actual language for earnings basis for ICI benefits for an employee who is employed as a project, LTE, seasonal or academic year.

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Article II §2.165(3) – State Plan Only	New	<p>Added the language from 2.11(2), to indicate that the new benefit basis for a new employee or where there was a change in the employee's percentage of appointment is based on a projected basis.</p> <p>Included language that the adjusted percentage must be in effect for a complete pay period before that new earnings basis can be used in determining an ICI benefit.</p>
Article II §2.165 – Local Plan Only	New	Created this section to be consistent with the State Plan. All language from section 2.11 was brought forward to define the ICI benefit basis.
Article II §2.165(1) – Local Plan Only	New	Addresses the earnings calculation to determine the average monthly earnings used for the ICI benefit basis.
Article II §2.165(2) – Local Plan Only	New	Addresses the earnings calculation to determine the average monthly earnings used for the ICI benefit basis if there was an interruption extending 3 consecutive months or the employee is newly hired. The ICI benefit is based on a projected average monthly salary.
Article II §2.165(3) – Local Plan Only	New	Addresses the salary that is to be used if there is a change in the employee's appointment. Language is consistent with the State ICI Plan.
Article II §2.165(4) – Local Plan Only	New	New language indicates that the ICI benefits are available and paid to insured Local employees for WRS covered earnings lost as a result of disability. This is consistent with the State ICI Plan language.

Article/Section	Type of Change	Comments/Description
Article II §2.17 (1) Duration of Benefits	Clarification	Clarified that short term disability benefits begin at the end of the elimination period and continue until the end of the 12 month period subsequent to the first date of disability.
Article II §2.17(1)(a)-(5)	Revision	Any reference to a word or phase defined is to be capitalized in the Plan language. Throughout the subsections capitalized RETURN TO FULL TIME EMPLOYMENT.
Article II §2.17(5)	Clarification	Clarified plan language to indicate that if the claimant returned to full time employment during short or long term disability, the ICI benefit will be terminated.
Article II §2.17(6)	New	Created a new subsection which specifically indicated that if the individual is capable of returning to SUBSTANTIAL GAINFULL ACTIVITY, this was cause for termination of the ICI benefit.
Article II §2.175(8)	Revision	Plan language was revised to support policy and procedure of denying, suspending or terminating an ICI benefit if the necessary information was not received by the plan administrator within 90 days of the initial request.
Article II §2.175 (1) Return to Work with Prior Employer	Clarification	Clarifies language to support offsetting the gross earnings, prior to taxes or other deductions, from the ICI benefit based on the date of the gross earnings check or payment.
Article II §2.175(2)	Revision	Capitalized the term RETURN TO FULL TIME EMPLOYMENT as it is a defined phase.



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Article II §2.18 (1) Rehabilitative Training	Revision	<p>Revised the existing Plan language to indicate the Department must approve in writing in advance any individualized rehabilitative plan.</p> <p>Adds that plans approved by the Wisconsin Division of Vocational Rehabilitation are automatically approved by the Department.</p>
Article II §2.18(6)	Clarification	Clarifies existing language if a claimant is physically and mentally capable of rehabilitative training but refuses to continue to participate once commenced, the ICI claim will be terminated.
Article II §2.18(8)	New	Created language that specifically eliminates a return to work with the prior employer as being treated as rehabilitation. Return to work with the prior employer is covered under section 2.175.
Article II §2.21(2) Claims Procedure	Revised	Revised language to allow the claimant's representative to file a claim on their behalf.
Article II §2.21(5)(a)-(c)	Clarification	Clarified language to support existing practice of allowing a claimant the right to request reconsideration if they disagree with any information provided when the claim is approved.
Table I , II and III– State Plan Only	Revised	Revised chart to include salary and premiums for maximum benefits. Current chart stops at \$4000 monthly salary that does not correspond to a \$4000 maximum ICI benefit (\$64,000 annual salary).
Table I (Attachment B)	Revised	Deleted the premium rates that were in effect prior to 3/1/02.